

**DIVISION OF STATE LANDS & FORESTRY**  
**DEPARTMENT OF NATURAL RESOURCES**  
ROOM 411 EMPIRE BUILDING  
231 EAST 400 SOUTH  
SALT LAKE CITY, UTAH 84111  
(801) 533-5381

**Scott M. Matheson**  
*Governor*

**Gordon E. Harmston**  
*Executive Director*  
*Dept. of Natural Resources*

**William K. Dinehart**  
*Director*

October 20, 1981

Mr. Tom Tetting  
Division of Oil, Gas & Mining

BUILDING MAIL

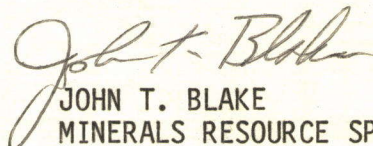
RE: ML 22168 OG&H

Dear Tom:

Enclosed please find a copy of the Reclamation and Escrow Agreement for the Western Tar Sands bond. This bond was today accepted by the Division of State Lands. Please notify Western Tar Sands that they may proceed with their mining operation on the above numbered lease.

The Division of Oil, Gas and Mining will be contacted prior to our release of the performance bond.

Sincerely yours,

  
JOHN T. BLAKE  
MINERALS RESOURCE SPECIALIST

JTB/mh

Enclosure

**BOARD MEMBERS**

Jack Sawyers, Chairman	Dr. Walter D. Talbot	Warren C. Haycock	Hollis Hullinger	Chandler St. John	Paul S. Rattle	George Buzianis
Southwestern	ex-officio	Northern	Eastern Area	Forestry & Fire	Southeastern	Central

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
BOARD OF STATE LANDS  
231 East 400 South  
Salt Lake City, UT 84111

\* MINED LANDS RECLAMATION AGREEMENT \*  
: (ESCROW)

THIS AGREEMENT, made and entered into this 19th day  
of October, 1981, between Western Tar Sands, Inc., a  
corporation duly authorized and existing under and by virtue of the laws  
of Colorado, as party of the first part, and hereinafter called the  
Operator, and the Board of State Lands, duly authorized and existing by virtue  
of the laws of the State of Utah, as party of the second part, hereinafter  
called the Board.

WITNESSETH:

WHEREAS, the Operator has certain contract rights to enter upon leases  
hereinafter more particularly mentioned and described in Exhibit "A" attached  
hereto; and

WHEREAS, the Operator did on the 2nd day  
of June, 1981, file with the Division of Oil, Gas and  
Mining, and the Division of State Lands a "Notice of Intention to Commence  
Mining Operation" and a "Mining and Reclamation Plan" to secure authorization  
to engage, or continue to engage in mining operations in the State of Utah,  
under the terms and provisions of the Mined Land Reclamation Act, Section  
40-8, UCS, 1953; and

WHEREAS, the Operator is able and willing to reclaim the above mentioned  
"lands affected" in accordance with the approved mining and reclamation plan,  
the Mined Land Reclamation Act and the rules and regulations adopted in

NOW THEREFORE, for and in consideration of the mutual covenants of the parties by each to the other made and herein contained, the parties hereto agree as follows:

1. The Operator promises to reclaim the land affected in accordance with the approved mining and reclamation plan, the Mined Land Reclamation Act, and the rules and regulations adopted in accordance therewith, and to comply with all the terms and conditions of Utah State oil, gas, and hydrocarbon Lease, ML 22168.
2. The Operator, in lieu of posting a surety bond hereby agrees to deposit (\$ 64,000 ) dollars, commencing on the 13th date of September, 19 81, in what will be hereinafter referred to as the Escrow Fund, excluding any interest earned on said fund.
3. The Board, in lieu of requiring a bond or other surety, agrees to execute an Escrow Agreement with the Operator and a third party to serve as escrow agent.

IN WITNESS WHEREOF, the parties of the first and second parts hereto have respectively set their hands and seals this 19th day of October, 19 81.

WESTERN TAR SANDS, INC.

BY:

Louis I. Hart, Jr.  
Operator

Louis I. Hart, Jr., Pres.

Approved as to form:

[Signature]  
Assistant Attorney General

STATE OF COLORADO  
COUNTY OF DENVER

: ss

BY:

[Signature]  
Board of State Lands

On this 9th date of October, 19 81, personally appeared before me Louis I. Hart, Jr. who being by me duly sworn did say that he is the President of Western Tar Sands, Inc. a Colorado Corporation, and that the foregoing instrument was signed in behalf of said corporation by authority of its Board of Directors, and said Louis I. Hart, Jr. acknowledged to me that said corporation

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
BOARD OF STATE LANDS  
231 East 400 South  
Salt Lake City, UT 84111

MINING & MINERAL  
LANDS DIVISION

\* ESCROW AGREEMENT \*

AGREEMENT made this 19<sup>th</sup> date of October, 1981,  
between the Board of State Lands, hereinafter called the Board, and Western  
Tar Sands, Inc., hereinafter called the Operator, and First Interstate  
Bank, hereinafter called the ESCROWEE.

WHEREAS, the Board and the Operator have entered into a Mined Land  
Reclamation Agreement, which agreement provides for and receives this Escrow  
Agreement; and

WHEREAS, the Operator desires to execute this Escrow Agreement in lieu  
of furnishing a bond or other form of surety for the purpose of meeting the  
requirements of Section 40-8-14, UCA, 1953, and all requirements of Utah State  
oil, gas, and hydrocarbon lease, ML 22168;

NOW THEREFORE, IT IS THEREFORE AGREED:

1. Deposit of Escrow Fund. Commencing on the 30<sup>th</sup> day  
of September, 1981, the Escrowee agrees to accept and  
the Operator agrees to deposit U.S. Treasury Notes having a current  
market value not less than \$64,500.00, in what will be hereinafter  
referred to as the Escrow Fund, excluding interest accumulated  
therein. All interest earned by the monies in said Fund shall be  
payable to Operator.

2. Depository of Fund. The Fund shall be held by the Escrowee until  
such time as the Escrowee receives written direction, with respect  
to the disbursement of said Fund signed by the Board. The

4. Accounting. The Escrowee shall furnish a formal accounting for the Escrow Fund if and when requested by the Board.
5. Fee. The fee of the Escrowee has been fixed by the Operator and the Escrowee under separate agreement, whereunder the Operator pays such fee. The Escrowee shall not be entitled to any additional fee for services rendered under this agreement.
6. Modification. This agreement may not be altered or modified without the express written consent of the Operator, the Board, and the Escrowee.

IN WITNESS WHEREOF, the parties of the first and second parts hereto have respectively set their hands and seals this 19th day of October, 19 81.

WESTERN TAR SANDS, INC.

BY: [Signature]  
Operator  
Louis I. Hart, Jr., Pres.

FIRST INTERSTATE BANK OF UTAH  
BY: [Signature]  
Escrowee

BY: [Signature]  
Board of State Lands

Approved as to Form:

[Signature]  
Assistant Attorney General

STATE OF COLORADO  
COUNTY OF DENVER

) :ss

On this 9th day of October, 19 81, personally appeared before me Louis I. Hart, Jr., who being by me duly sworn did say that he is the President of Western Tar Sands, Inc., a Colorado Corporation, and that the foregoing instrument was signed in behalf of said corporation by authority of its Board of Directors, and Louis I. Hart, Jr. acknowledged to me that said corporation

ACKNOWLEDGEMENT

First Interstate Bank, the Escrow Agent named in the foregoing Agreement, hereby acknowledges that there is on deposit at First Interstate Bank, deposited to the credit of the Division of State Lands, Department of Natural Resources in the sum of \$65,125.<sup>00</sup>, said sum constituting the full Escrow Fund; that it is aware of the within agreement, that it agrees to make disbursement of the proceeds of the within named trust account only within the provisions of the terms as outlined in said agreement.

First Interstate Bank

BY:

W.C. Lockington  
(Escrow Agent)

STATE OF UTAH )

COUNTY OF SALT LAKE )

On this 19<sup>th</sup> day of OCTOBER, 19 81,  
personally appeared before me W.C. Lockington, who being by me duly  
sworn did say that he is the ESCROW OFFICER of First  
Interstate Bank, a Utah Corporation, and that the foregoing  
instrument was signed in behalf of said corporation by authority of its Board  
of Directors, and said W.C. Lockington acknowledged to me that  
said corporation executed the same.

Alton Fischer  
NOTARY PUBLIC

Residing in Salt Lake City, Utah

My Commission Expires:

9-14-84